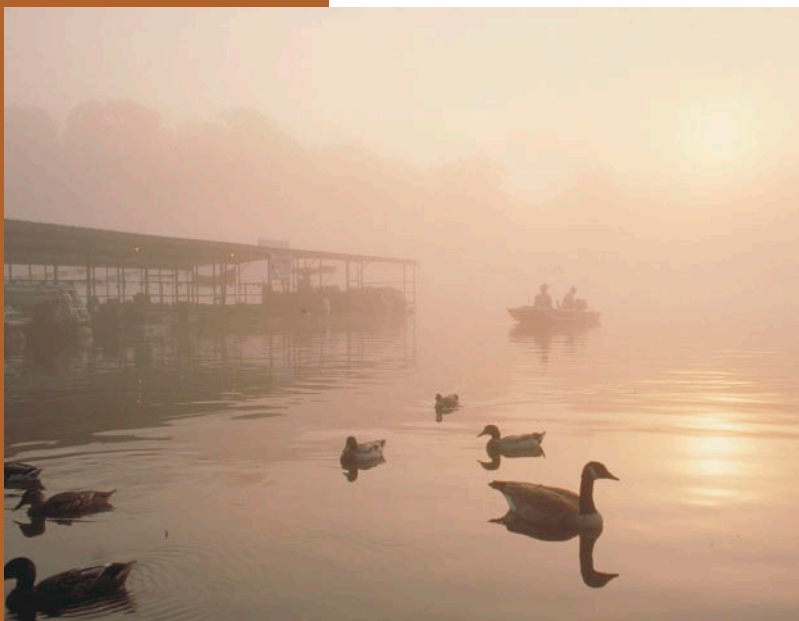


Annual Report FY04



Missouri Division of Tourism



On behalf of the Missouri Tourism Commission, I am proud to present the Missouri Division of Tourism's Annual Report for FY04. Missouri remains a national model of success and cooperation in the promotion of tourism. With our industry partners from throughout the state, we have made tourism one of Missouri's leading industries.

Among the highlights of FY04:

- A 12.3 percent increase in total economic impact due to tourism;
- The number of domestic visitors reached a new record high;
- Direct tourism expenditures reached a record \$8.3 billion.

As the chart below demonstrates, the

Division of Tourism invested nearly 84 percent of its FY04 budget on advertising and marketing. We are confident that this aggressive marketing strategy will help ensure that our state's tourism industry continues to prosper, and we are excited about the opportunities that await us.

With best regards,

Raeanne Presley

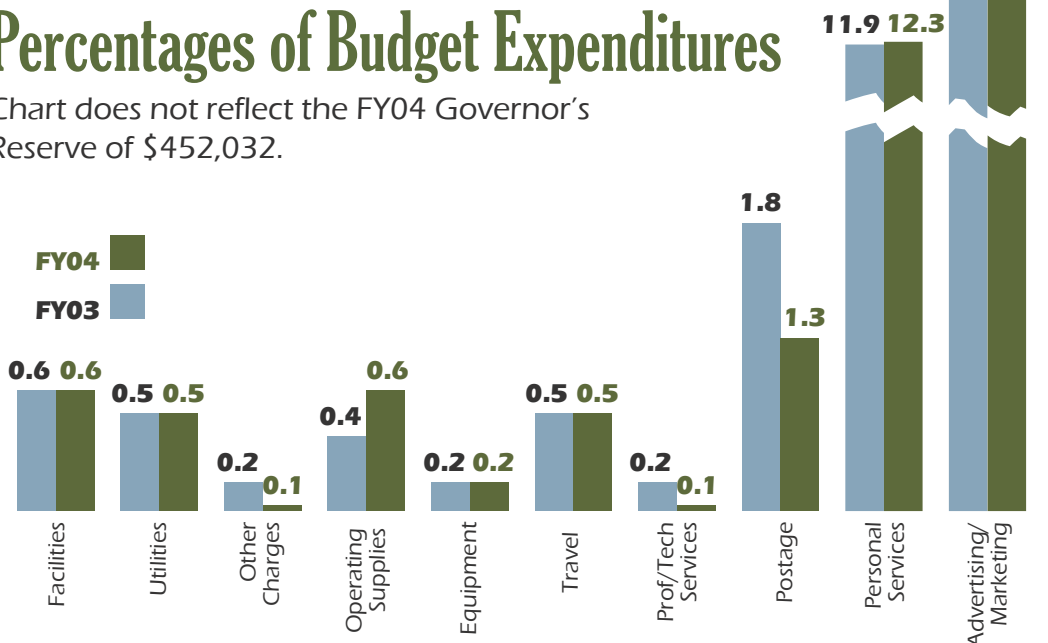
Raeanne Presley
Chair



Raeanne Presley
Chair

Percentages of Budget Expenditures

Chart does not reflect the FY04 Governor's Reserve of \$452,032.



Missouri's Five Vacation Regions



In determining the most effective means to market Missouri's diverse attractions and destinations, the Division of Tourism focuses its efforts on five vacation regions. Marketing and public relations materials such as the division's Web site, www.VisitMO.com, **Official Missouri Vacation Planner**, and varied itinerary publications encourage in-state and out-of-state visitors to stay longer and see more by highlighting the attractions unique to each distinct region.

Primary Marketing Programs

Communications
Cooperative Marketing
Cultural Tourism
Domestic Marketing
Ethnic Marketing
International
Tour and Travel



Communications

Strategy

Enhance the Missouri Division of Tourism's marketing efforts to increase revenue from travelers' expenditures.

Tactics

- Generate positive editorial coverage through news releases, press tours, media missions, trade shows and memberships in professional travel writers organizations.
- Produce informative publications such as the **Official Missouri Vacation Planner**, Marketing Plan, newspaper insert, and Tourism's Little Book.
- Enhance content of www.VisitMO.com as a resource for residents, visitors and the media.

In FY04 there were a record 37.7 million domestic visitors to Missouri.

Results

- Generated editorial copy with an advertising equivalency totaling \$13,242,921.
- Recorded 1,772,532 Web site visits.
- Trade shows attended: PRSA Tour and Travel, Midwest Travel Writers and North American Travel Journalists Association.
- Produced **Official Missouri Vacation Planner**, Calendars of Events, Spring Newspaper Insert, Tourism's Little Book, Annual Report and Marketing Plan.
- Redesigned Web site home page, and augmented content of site.



Cooperative Marketing

Strategies

- Extend MDT marketing resources through qualified partnerships.
- Support local performance-driven marketing strategies to increase tourism.
- Provide incentive and opportunity for marketing growth and improvement.
- Enhance the industry and MDT partnership.

Tactics

- Modify evaluation criteria to facilitate targeted funding.
- Implement comprehensive project tracking and reporting process.
- Monitor project goals, strategies, milestones and outcomes.
- Encourage media advertising.
- Analyze and compile in-depth end-of-project summary reports.

Results

State Dollars Budgeted	\$3,048,329
Local Matching Dollars	\$3,846,504
Total Project Cost (state and local expenditures)	\$6,627,135
Media Expenditures	\$4,969,716
Total Circulation/Gross Impressions	1,115,114,850
Inquiries Reported	772,789
Cost to State per Inquiry	\$3.60
TV Ads Placed	12,815
Radio Ads Placed	7,195
Newspaper Ads Placed	485
Magazine Ads Placed	496
Billboards Leased	14
Videos Distributed	600
Brochures Distributed	1,234,390
Trade Shows Attended	62
Familiarization Tours Hosted	24
Web Sites Developed/Updated	2
Other Marketing Activity	97
Number of Contracts	64

Cultural Tourism

Strategy

Promote Missouri as a cultural destination.

Tactics

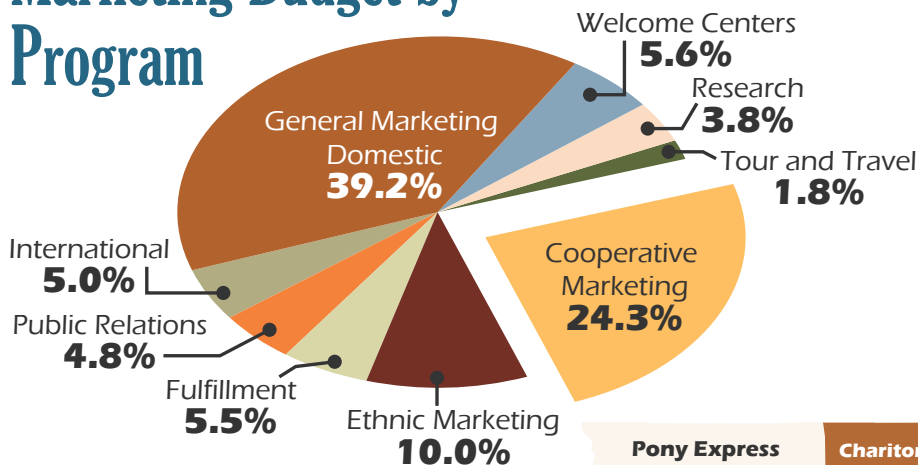
- Develop public relations initiatives.
- Enhance Web site content.
- Place culturally focused advertising.
- Create collateral pieces.
- Increase outreach through involvement with community groups.
- Support Lewis and Clark Bicentennial Commission's efforts to attract the cultural traveler.
- Link to Civil War Heritage Committee's Web site.
- Promote agritourism.

Results

- Wrote and distributed news releases addressing cultural tourism topics – history, heritage and arts.
- Enhanced cultural content on MDT Web site.
- Promoted cultural aspects of the state through advertising.
- Distributed Lewis and Clark collateral pieces to cultural travelers.
- Partnered with Missouri River Communities Network to assist with Lewis and Clark promotion.
- Coordinated booth space for small communities to promote their upcoming Lewis and Clark events during the National Signature Event in Saint Charles.
- Produced eight-page insert on Lewis and Clark in Missouri for **Official Missouri Vacation Planner**.
- Generated 23,970 entries in Lewis and Clark promotion to win trips to one of Missouri's three National Signature Events or the National Bicentennial Exhibition in St. Louis.
- Linked to www.mocivilwar.org.
- Developed partnership with Civil War Heritage Committee.
- Created Civil War tour itineraries for inclusion on Web site.
- Developed partnership with the Missouri Department of Agriculture to promote agritourism.

For every budget dollar

Marketing Budget by Program



Domestic Marketing

Strategy

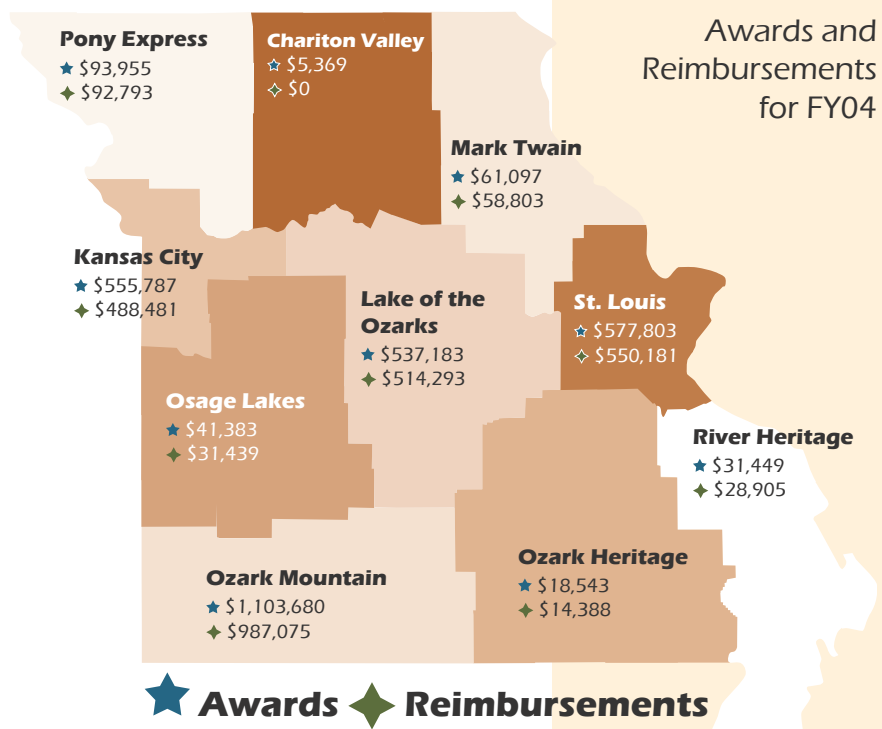
Increase tourism spending in Missouri by promoting the state as a desirable travel destination to the general domestic market.

Tactics

- Use a balanced mix of image and awareness-building media: Television, magazines, newspapers and select online placements.
- Reinforce positive brand awareness.
- Drive potential visitors to the Web site for information.
- Time campaigns to promote fall, holiday and spring/summer travel.
- Target consumers' desire to stay closer to home, combining shorter, more frequent getaways with traditional one- or two-week vacations.
- Emphasize Missouri's unique appeal to potential travelers possessing a wide variety of leisure travel interests and needs.
- Include promotions in media campaigns, extending advertising budgets via partnerships.
- Aim direct marketing efforts at best tourism customers, relaying targeted one-to-one based messages.
- Represent Missouri at national and regional sports shows and other outdoor events.

Cooperative Marketing

Awards and Reimbursements for FY04



Results

- Drive Into Fall promotion generated 41,112 valid entries, 20,186 trips and up to \$17 million in trip expenditures.
- Adventures by the Mile promotion generated 4,566 valid entries, 2,241 trips and potentially \$2 million in trip expenditures.
- Sounds of Missouri promotion generated 19,967 valid entries, 9,803 trips and potentially \$8.3 million in trip expenditures.

the Division of Tourism receives, \$2.80 is generated in state taxes.

Advertising Responses

Includes Vacation kits shipped and Web site visits

2004 **2,045,098**



2003 **1,776,506**



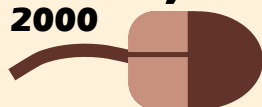
2002 **1,404,376**



2001 **1,177,911**



2000 **966,733**



Ethnic Marketing

Strategy

Promote the idea to African-American travelers that there is more to Missouri than they thought, by taking the position that Missouri offers a complete entertainment destination.

Tactics

- Invest in traditional media such as TV, radio, print, Internet, outdoor and direct mail.
- Use nontraditional marketing such as an interactive DVD containing video of Missouri destinations and Missouri Nights TV commercial, magazine and newspaper advertising; customized Missouri Nights jazz CD to be played on radio in target markets; ambush marketing; Missouri Nights Access Card; and relationship marketing.
- Enhance Missouri Nights Web site, www.missourinights.com, with information about Missouri, vacation and entertainment destinations and promotional getaways.

Results

- Partnership with Expedia:
 - Helped drive inquiries to the Missouri Nights Web site;
 - Increased Web visits to 109,437 up 15,472 visits from the previous year;

- Increased hotel nights booked to Missouri through Expedia by more than 6,000 room nights.

Flow in the Night – spoken word poetry contest:

- Conducted contest in radio markets – Chicago, Memphis, Omaha, St. Louis and Kansas City – for listeners to create Missouri flow;
- Regional finalists competed in Kansas City;
- Focused national attention on 18th and Vine;
- Media coverage in *Ebony*, *Missouri State Post*, *St. Louis American*, *Kansas City Star*, *Kansas City Call*.

International

Strategies

- Increase awareness of Missouri as an international inbound destination.
- Increase United Kingdom passenger volume and stays by Canadians visiting by auto.

Tactics

- Work with private contractor for United Kingdom and Canada and in-country U.K. marketing firm.
- Create and place advertising in researched mediums within United Kingdom and Canada.
- Promote Missouri as the “Real America” to travel trade, media and consumers.
- Regularly update and distribute press kits and news releases.

Outcome Measures

Fiscal Years	1998	1999	2000	2001	2002	2003	2004
Total Economic Impact (in billions)*	\$11.93	\$12.49	\$13.29	\$12.73	\$11.92	\$11.91	\$13.37
SIC Sales Tax Revenue (in millions)**	\$292.61	\$306.48	\$316.22	\$317.02	\$323.66	\$327.97	\$342.14
Domestic Person Trips (in millions)*	35.0	34.4	35.2	33.8	35.6	34.7	37.7
UK Index	NA	157	1,550	3,432	1,754	1,875	2,058
Tourism Employment	233,910	236,290	240,003	241,593	243,165	243,668	245,430

*Source: Economic Impact Report – University of Missouri Columbia, **Source: Missouri Department of Revenue

Show-Me State.

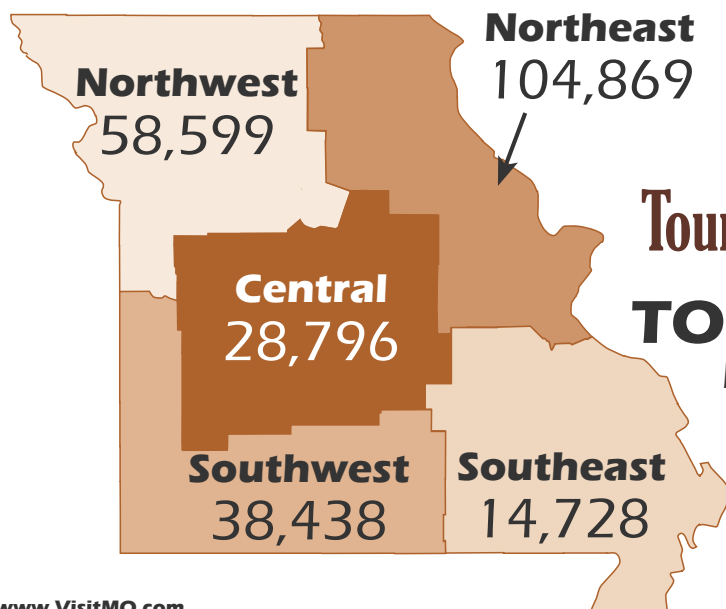
- Represent Missouri at consumer and travel trade shows.
- Create and distribute newsletter to travel trade.
- Fulfill requests for information.
- Attract and host international journalists and travel trade for familiarization tours.
- Work with travel industry partners – airlines and tour operators.
- Provide sales mission opportunities to Missouri industry partners.
- Promote group tour page on MDT Web site, www.VisitMO.com.
- Create and distribute new and themed itineraries.
- Create and distribute press releases designed to appeal to the international visitor.
- Promote Missouri at U. K. and Canadian consumer shows.

Results

- Created and distributed three newsletters to the international consumer and trade database.
- Generated 1,808 Web site visits to GoMissouri.co.uk and VisitMO.co.uk.
- Created a group tour page on VisitMO.com to include itineraries, images, escort notes and day trip ideas.
- Included VisitMO.com/group tour tag line on advertisements in Cana-

dian trade publications to encourage tour operators to utilize online group tour services.

- Executed Missouri Days in Canada and the summer U.K. sales missions.
- Hosted trade and media familiarization trips for both Canadian and United Kingdom markets.
- Generated \$673,295 in United Kingdom public relations evaluations.
- Produced a Missouri sales guide distributed via *Canadian Travel Press Weekly* (Canada) and *Essentially America* (United Kingdom).
- Increased Missouri tour product availability with U.S.-based receptive tour operators to include ATI, Unique Tours and North American Journeys.



State tax revenues from tourism in Missouri totaled \$627 million in FY04.

Tourism-Related Employment
TOTAL 245,430
 Missourians employed in tourism industries



Advertising by Season

Spring / Summer

(January - June)

66%

Fall

(July - October)

29%

Holiday

(November - December)

5%

- Create advertisements customized for travel trade publications.
- Create direct mail piece for use in targeted affinity markets.
- Create new fulfillment materials to be utilized as a follow-up to trade shows as well as in response to tour operators and requests for information.
- Make group tour information available online for operators.

Results

- Conducted press trips for trade magazines *Bank Travel Management* and *Group Travel Leader*.
- Placed advertisements in *Travel Bound*, *Bank Travel*, *Group Travel Leader* and *Show-Me Missouri*.
- Created leave-behind on African-American cultural attractions for the African-American Travel Conference.

- Enhanced content for group travel planners on www.VisitMO.com.

Attended the following trade shows:

Trade Show	Attendance
American Bus Association	311
Bank Travel Conference	450
Reunion Network	55
African-American Travel	611
Missouri Showcase Marketplace	114
Student Youth Travel Association	600
National Tour Association	4,000
Midwest Band Clinic	11,000

Tour and Travel

Strategy

Promote Missouri as a memorable group destination for group travelers.

Tactics

- Use trade shows to reach target markets with 65 percent of resources allocated for the affinity market and 35 percent for tour operators.
- Create new itineraries; develop and implement press tours, an editorial calendar and press releases for travel trade publications.

Welcome Centers

In cooperation with the Missouri Department of Transportation, the Division of Tourism operates six Welcome Centers located in rest areas along the interstate highway system at key entry points around the Missouri border: Hannibal, Joplin, Kansas City, New Madrid, Rock Port and St. Louis.

These centers distribute information about events to attend and attractions to visit throughout Missouri. Thousands of brochures are available to guide visitors as

For every \$1 the state of Missouri spends on marketing tourism, \$58 is returned in tourism expenditures.

In the last reported figures (FY03), the average spending per visit by Canadians was \$414.50. With 127,300 Canadian visitors to Missouri in FY03, that equates to approximately \$52.8 million in Canadian tourism expenditures.

they pursue their Missouri vacations. Hotel registration telephone consoles, computerized maps and information kiosks also are available to facilitate travel.

In addition to distributing information, the Welcome Centers help MDT collect data; tracking visitation by season, geographic origin and modes of transportation.

Research

Research provides a road map to help us make more informed marketing decisions and monitor the success of our strategies:

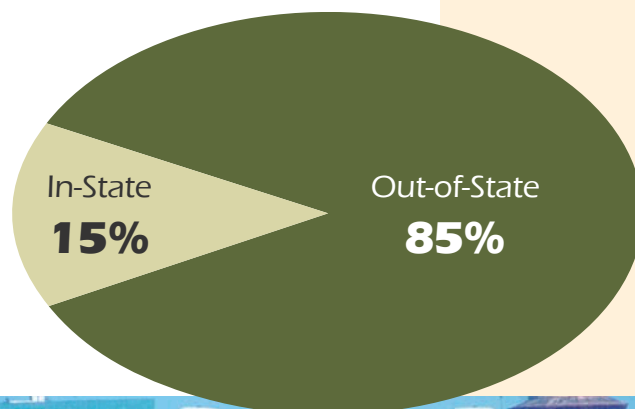
- Advertising/PR Effectiveness Report
- Economic Impact and Market Share Reports
- Destination Awareness Audit
- Market Segmentation Study
- Web Site Studies
- Ad Concept and Image Testing

Budget History

Missouri's tourism funding formula often is held up as a model for the nation. Other states, including Colorado, Iowa, Kansas, Maryland, Minnesota, Montana, Nebraska, North Carolina, Ohio and Wisconsin have studied, adopted or are considering implementing funding plans patterned after Missouri's.

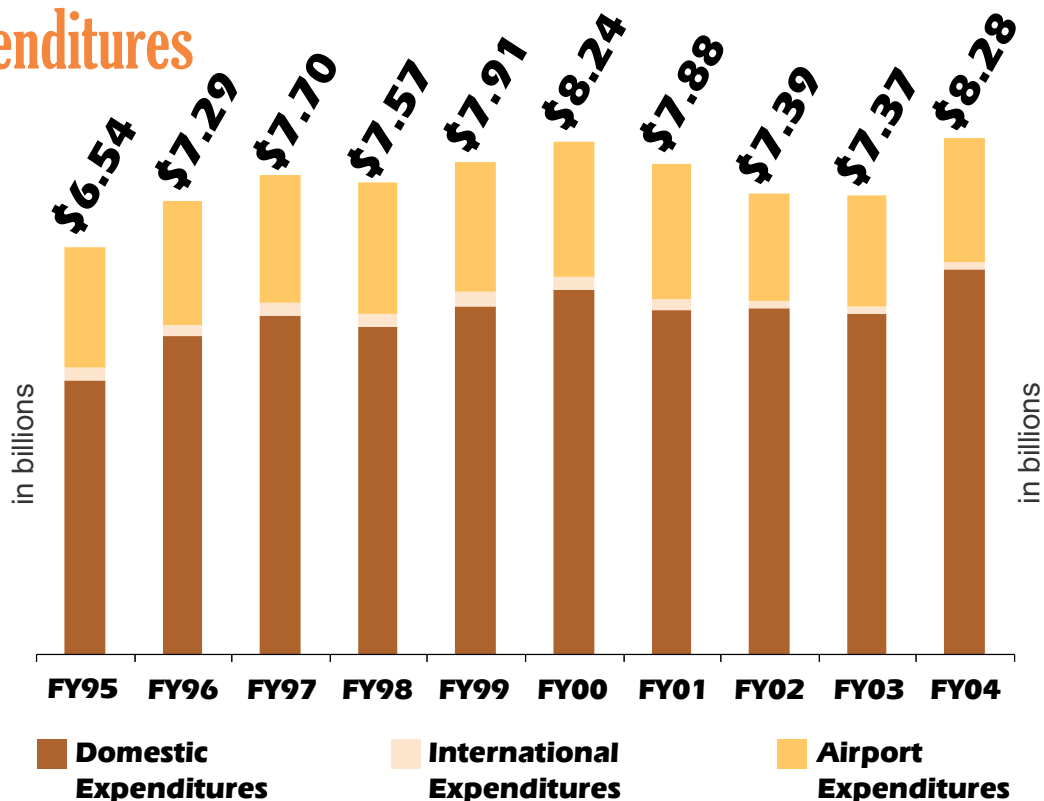
Conceived by industry members, the formula has allowed the Division of Tourism to fund itself from growth in the industry while reducing the division's need for traditional General Revenue Fund appropriations. Since this performance-based funding mechanism went into effect on July 1, 1994, the division's budget increased from slightly

In-State and Out-of-State Investment

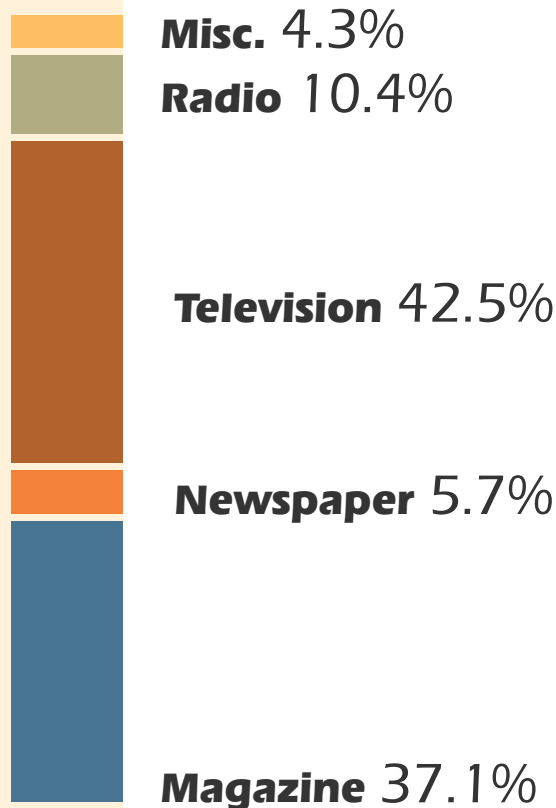


Domestic and International Expenditures

There were \$8.28 billion in expenditures, including airport expenditures, made by domestic and international tourists and travelers while in Missouri.



Investment by Medium



more than \$6 million per year to \$17,817,811 in FY04.

Known as the Division of Tourism Supplemental Revenue Fund (TSRF), the budget formula works by identifying sales tax revenue generated by businesses that serve travelers. A percentage of the growth in sales tax revenue from businesses that fall within 17 tourism-related Standard Industry Classification (SIC) codes is used to determine the growth in the TSRF. The formula also allows for 3 percent inflation each year. Once the 3 percent threshold is reached, one-half of the additional growth is used to determine the division's funding. The fund cannot grow by more than \$3 million in any one year.

In addition, a provision in the law required that the original FY94 General Revenue core be systematically eliminated by FY04. These reductions were accelerated such that the division was funded 100 percent through the TSRF by FY02, two years earlier than mandated.

In 1998 and 2002, the General Assembly passed legislation to enhance the original state law. One of the outcomes was to extend the sunset clause to June 2010.

FY04 Visitor Counts

	Domestic Visitors	Domestic Vehicles	International Visitors	Motor Coaches
Hannibal	62,067	28,527	423	44
Joplin	120,960	52,167	737	115
Kansas City	88,606	35,820	243	20
New Madrid	111,557	45,660	1,917	209
Rock Port	84,576	36,014	712	216
St. Louis	62,479	28,879	1,383	23
FY04 Total	530,245	227,067	5,415	627

TOTAL VISITORS 558,522* TOTAL VEHICLES 229,954**

* Includes 22,862 visitors in motor coaches

** Includes 2,260 international vehicles

Increases in the TSFR appropriation allow for additional investment in tourism marketing and promotion. Through this performance-based budget, the division has expanded its marketing message to new audiences while offering a matching funds program to local tourism organizations. This places Missouri in a better position to raise awareness of travel opportunities within our state and compete with neighboring states for traveler expenditures.



Number of Domestic Visitors by Month

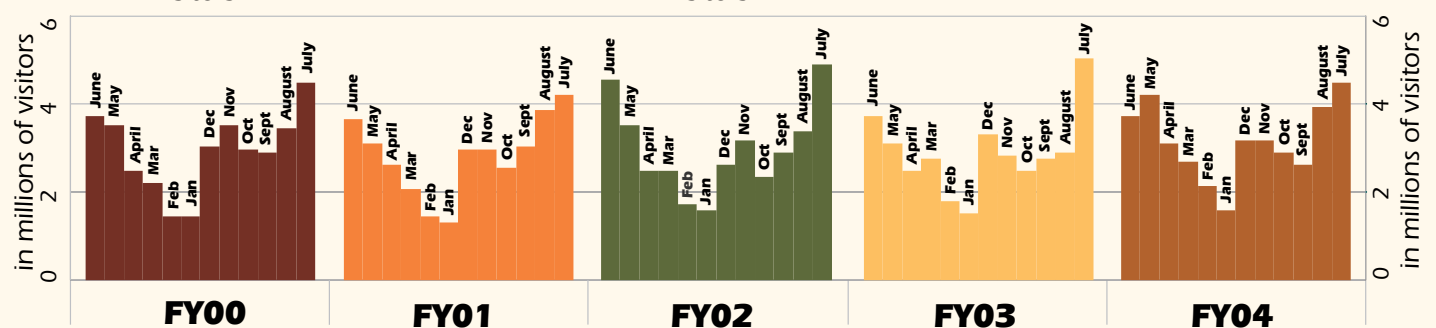
35,230,153
visitors

33,765,100
visitors

35,590,301
visitors

34,700,555
visitors

37,734,910
visitors



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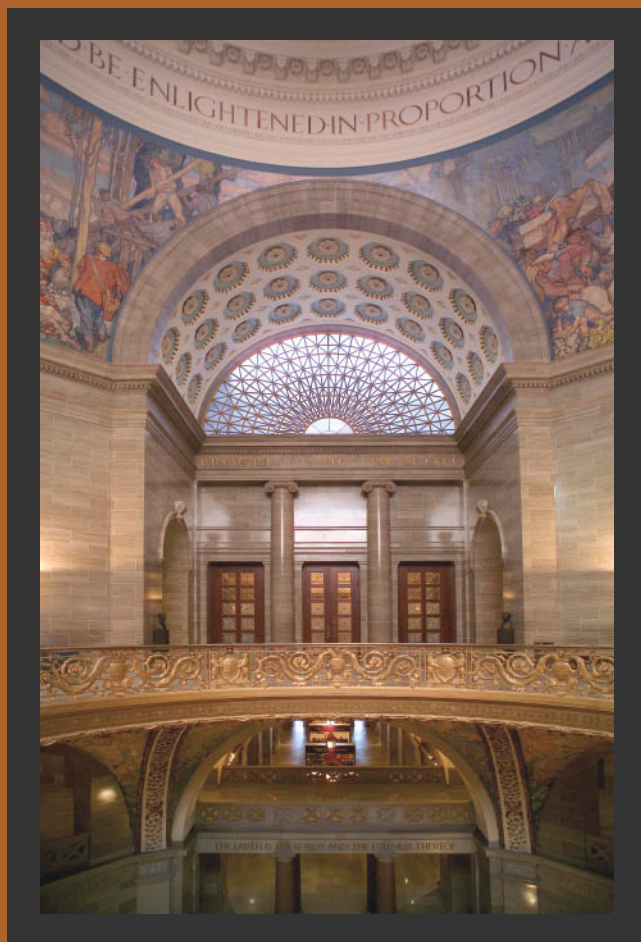
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